



SPRING 2020 FACT SHEET

Semiannual Report to Congress

For the Period October 1, 2019 – March 31, 2020

Through audits and investigations, the Office of Inspector General plays a key role in maintaining the integrity and accountability of the nation's Postal Service, its revenue and assets, and its employees.

To view our entire Semiannual Report to Congress go to www.uspsoig.gov.



66

Reports Issued

1,174

Investigations Completed

401

Arrests

\$5.7 Billion

Total Monetary Impact



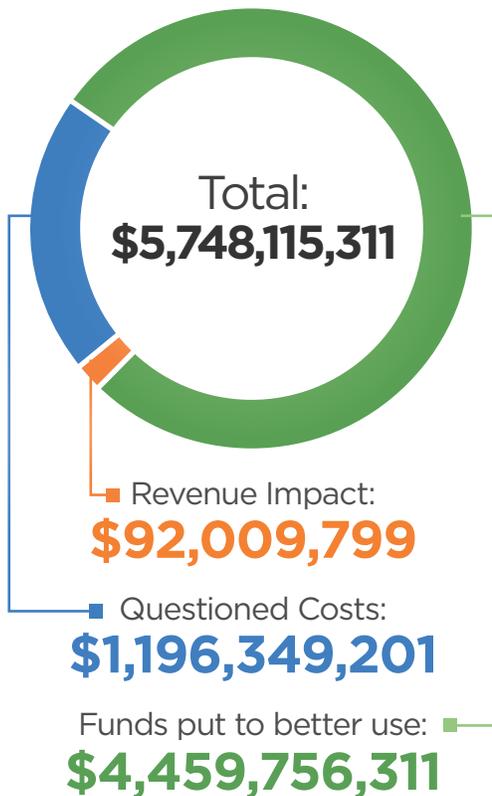
A Word from the Inspector General

As this SARC period was coming to a close, we found ourselves amid an unprecedented global health crisis. We still do, and it hasn't been easy for anyone. In uniquely fraught times, we have been able to continue our mission of ensuring efficiency, accountability, and integrity in the Postal Service with minimal disruption, while also doing our very best to keep everyone safe. Our audits during this reporting period continued to focus on operational issues, such as a nationwide assessment of customer service and delivery scanning. Our investigations reveal the extent to which illicit narcotics in the mail continues to be an issue. I look forward to working with all stakeholders as we address the challenges ahead. As the pandemic evolves and its impact on the Postal Service becomes clearer, the OIG will continue to play a key role in maintaining confidence in America's Postal Service.



OFFICE OF AUDIT

The Office of Audit's mission is to protect postal assets and revenue, ensure efficient and economical mail delivery and operations, and safeguard the integrity of the postal system. Postal Service executives often work closely with their OIG counterparts to identify problems and collaborate on solutions. These efforts have resulted in significant savings opportunities.



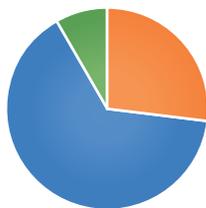
Automatic Indemnity Claim Payments

The Postal Service offers customers insurance coverage as protection against the loss or damage of packages. From fiscal year (FY) 2014 to FY 2019, the Postal Service paid a total of about \$194 million for approximately 2.3 million domestic indemnity claims. During that period, the number and dollar value of domestic indemnity claim payments per year more than doubled. From FY 2018 to FY 2019 alone, payouts jumped nearly 29 percent while shipping and package volume remained relatively the same.

We found the Postal Service's claims system permitted improper indemnity claim payments. This occurred because USPS did not have effective controls to detect and prevent some payments. For example, the Postal Service issued about \$14.3 million in improper indemnity claim payments during FYs 2018 and 2019. If the Postal Service does not strengthen controls, we estimate it will authorize about \$182.3 million in improper payments over the next five years (FY 2020 through FY 2024).

Management had referred some potentially fraudulent indemnity claim payments to our Office of Investigations. In November and December 2019 management had implemented some controls to help mitigate future improper payments.

We recommended management: 1) update certain requirements in indemnity claims systems; 2) evaluate and implement technology to reduce repetition in claims; 3) update the claims system to strengthen verification checks; 4) implement internal data analytic tools to identify and halt action on potentially improper claims, and also alert Postal Service officials; and 5) develop and disseminate clear procedures and guidance to headquarters and field personnel for submitting potentially improper indemnity claims to the OIG. Management disagreed with the monetary impact identified in the report.



Reports issued
66

Recommendations issued
151

Total reports with financial impact
19



OFFICE OF INVESTIGATIONS

The OIG Office of Investigations fulfills its traditional role of rooting out fraud, waste, and misconduct to protect the Postal Service's bottom line and maintain confidence in the mail. The OIG's dedication to integrity, accountability, and transparency means that no person in the organization is above the law or immune from the ethical standards set by the Postal Service.

Narcotics

In July 2018, a narcotics task force comprising investigators of the OIG, the U.S. Postal Inspection Service (USPIS), and the Drug Enforcement Administration (DEA) identified suspicious parcels addressed to a church and school in Crestwood, MO. Surveillance showed the carrier assigned to that route had scanned one parcel as delivered but had, in fact, not delivered it. Investigators seized additional suspicious parcels from the St. Louis Main Post Office, where the carrier worked, and discovered they contained more than \$16,000 in narcotics proceeds.



Bags of marijuana and one of several weapons seized after execution of search warrant.

After consent searches of his residence and cellular telephone, the carrier admitted he was receiving \$100 for each parcel from a drug trafficking organization that included two additional carriers. In August 2018, investigators executed search warrants at one of the trafficker's residence and storage lockers and found three pounds of marijuana, related paraphernalia, multiple weapons, and a USPS letter carrier uniform, among many other items.

Two carriers pleaded guilty to conspiracy to possess with intent to distribute marijuana, and in November 2019 were sentenced to five years of probation, three months of electronic monitoring, and 40 hours of community service. The third carrier entered a similar plea and was sentenced to three years of probation. The trafficker pleaded guilty to conspiracy to possess/distribute plus four counts involving assault and interfering with Postal Inspectors; in January 2020, he was sentenced to 34 months in prison and three years of supervised release.



Amount to the Postal Service:
\$77,766,663



Cost Avoidance:
\$70,536,596



Fines, Restitution, and Recovery:
\$405,128,443

1,174

Investigations Completed

401

Arrests

417

Indictments/Informations

437

Convictions/Pretrial Diversions

916

Administrative Actions





SPRING 2020 FACT SHEET

Semiannual Report to Congress

For the Period October 1, 2019 – March 31, 2020

Mission Statement

Ensuring efficiency, accountability, and integrity in the U.S. Postal Service.

Let Us Hear From You!

The OIG sponsors a blog and Audit Asks forum to collect feedback and ideas from our stakeholders and the general public. We encourage you to share your ideas, concerns, and comments at:

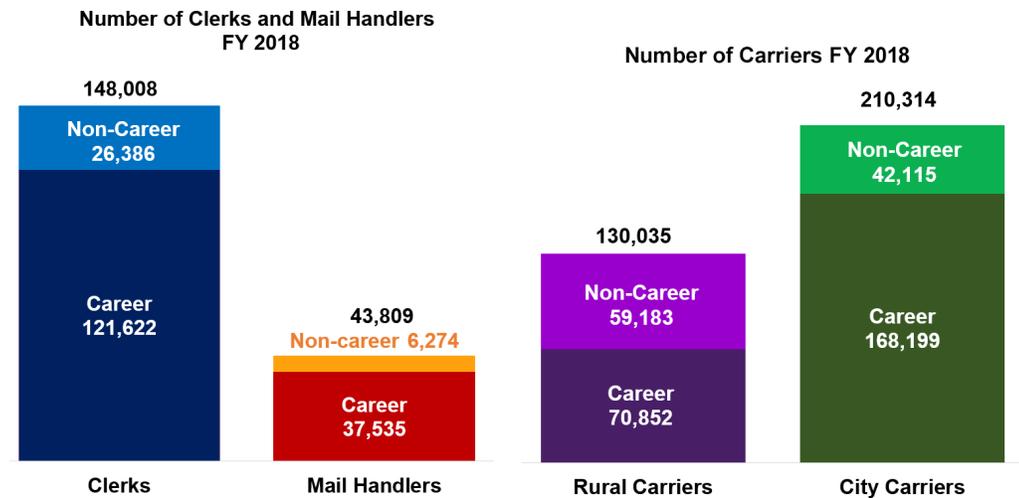
- Pushing the Envelope Blog: www.uspsoig.gov/blog
- Audit Asks: www.uspsoig.gov/audit-asks

To report fraud, waste, or misconduct involving postal employees or contractors contact us:

www.uspsoig.gov
888-877-7644

A Closer Look at Postal Labor Costs

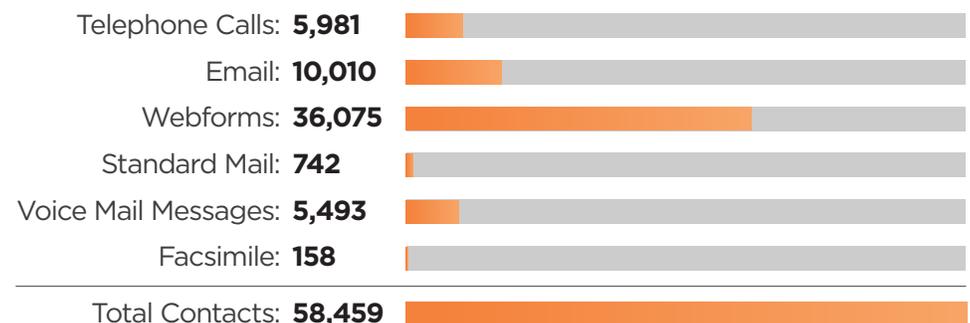
The Postal Service continues to face financial challenges due to declines in letter mail volume. As declines persist, strategic cost control is one of the key factors that must be addressed. And clearly, labor costs will be a critical area, as it is the greatest component of postal costs — accounting for \$57 billion or 76 percent of total costs in fiscal year 2018.



This white paper explored the sources of these significant costs and how they have changed in recent years. The OIG found that over the past 10 years, the Postal Service was able to cut its inflation-adjusted labor costs by 14 percent in response to a 17 percent decline in mail volume. While overall labor costs are falling, a few areas of concern remain, including the upward pressure on rural carrier costs due to the increase in rural delivery points, and a steady increase in overtime over the past 10 years.

OIG Hotline Contact Overview

October 1, 2019 – March 31, 2020



Visit Oversight.gov to find reports from all Federal Inspectors General who are members of the Council of Inspectors General on Integrity and Efficiency (CIGIE).